

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00
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-----032027Z 114889 /63

O 031941Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, IN

SUBJECT: CIVAIR - NAVIGATION CHARGES

REF: NEW DELHI 790 76 NEW DELHI 18657 76 STATE 310469
76 STATE 013572

1. NEW AIRWAYS CHARGES IMPLEMENTED BY GOI ON 2/1/77 HAVE
INCREASED PAN AM'S ANNUAL AIRWAYS BILL 500 FROM \$42,000
TO \$252,000. PAN AM OBJECTS TO THIS INCREASE BECAUSE:

A. THE GOI HAS GIVEN THE AIRLINE NO COST INFO JUSTIFYING
THE INCREASE.

B. CURRENT CHARGES MAY INCLUDE AN INVESTMENT FACTOR FOR
FACILITIES WHICH AIRLINES BELIEVE ARE NOT OPERATIONAL AND,
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AIRLINES SUSPECT, MAY NEVER BE IMPLEMENTED.

C. GOI HAS LARGELY IGNORED ICAO PRINCIPLES OF GRADUAL
INCREASES IN CHARGES.

2. COMPROMISE ACHIEVED BY IATA DG KNUT HAMMARSKJOLD WITH
GOI DID REDUCE CHARGES BY HALF, BUT PAN AM BELIEVES

NAVIGATION (EN ROUTE) CHARGES ARE STILL EXCESSIVE.
(PRESENT CONCERN IS FOCUSSED ON THESE CHARGES, RATHER THAN
LANDING FEES AND ASSOCIATED CHARGES.)

3. EMBASSY'S PROMPT RESPONSE IN DECEMBER PRIOR TO
HAMMARSKJOLD'S VISIT CONTRIBUTED TO REDUCTION IN
PROPOSED CHARGES ACHIEVED BY IATA. IATA CHARGES WORKING
GROUP WILL BE MEETING WITH GOI OFFICIALS AGAIN IN EARLY
MAY (MAY 3-4 HAS BEEN MENTIONED) TO TRY TO NEGOTIATE A
FURTHER DECREASE IN NAVIGATION CHARGES. PLEASE REMIND
INDIAN AUTHORITIES OF OUR INTEREST IN THIS MATTER.

4. AS NOTED REF C, THE FAIR COMPETITIVE PRACTICES ACT
REQUIRES DEPARTMENT OF TRANSPORTATION (DOT) TO REVIEW
POTENTIAL CASES OF EXCESSIVE OR "OTHERWISE DISCRIMINATORY"
CHARGES. PAN AM HAS SPECIFICALLY ASKED THAT INDIA'S
ENROUTE CHARGES BE EXAMINED. UNLESS IATA IS ABLE TO REACH
SATISFACTORY SOLUTION, THE UNITED STATES GOVERNMENT WILL
HAVE TO ASK THE GOVERNMENT OF INDIA FOR COST FIGURES.
IF THEY ARE NOT PROVIDED, DOT MAY MAKE A FINDING UNDER THE
ACT ON THE BASIS OF ITS OWN ESTIMATES.

5. FOLLOWING POINTS RELATE TO ARGUMENTS OF GIDWANI IN REF
B.

A. IMPORTANT QUESTION IS THE COST OF THE SERVICES PROVID-
ED IN INDIA, NOT ELSEWHERE. COSTS IN WESTERN EUROPE, THE
U.S., OR JAPAN ARE LIKELY TO BE VERY DIFFERENT FROM COSTS
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IN INDIA. OVERFLIGHT CHARGES IN MALAYSIA AND IRAN, WHICH
ARE PROBABLY SOMEWHAT MORE INDICATIVE, ARE ABOUT TEN
CENTS PER STATUTE MILE AND A FLAT THIRTY DOLLARS,
RESPECTIVELY.

B. INTERNATIONAL AIRLINES SHOULD AT MOST BE HELD
RESPONSIBLE FOR COVERING COSTS PROPERLY ALLOCATED TO THEM,
NOT COSTS ALLOCABLE TO OTHER USERS.

C. COSTS PROPERLY INCLUDE DEPRECIATION AND INTEREST
RELATED TO FUNCTIONING FACILITIES. THEY DO NOT INCLUDE
CURRENT INVESTMENT EXPENDITURES OR ANY COSTS ACCOAIATED
WITH FUTURE OR IDLE FACILITIES. (U.S. VIEW IS THAT IT
IS GOVERNMENT'S RESPONSIBILITY TO PROVIDE ADEQUATE
FACILITIES. COSTS MAY THEN BE RECAPTURED AS THE FACILITY
IS DEPRECIATED.)

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